

105TH CONGRESS  
1ST SESSION

# H. R. 3039

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 1997

Mr. STUMP (for himself, Mr. EVANS, Mr. QUINN and Mr. FILNER) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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## A BILL

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Veterans Transitional  
5       Housing Opportunities Act of 1997”.

1 **SEC. 2. LOAN GUARANTEE FOR MULTIFAMILY TRANSI-**  
 2 **TIONAL HOUSING FOR HOMELESS VETERANS.**

3 (a) IN GENERAL.—Chapter 37 of title 38, United  
 4 States Code, is amended by adding at the end the follow-  
 5 ing new subchapter:

6 “SUBCHAPTER VI—LOAN GUARANTEE FOR  
 7 MULTIFAMILY TRANSITIONAL HOUSING  
 8 FOR HOMELESS VETERANS

9 “§ 3771. Definitions

10 “For purposes of this subchapter—

11 “(1) the term ‘veteran’ has the meaning given  
 12 such term by paragraph (2) of section 101;

13 “(2) the term ‘homeless veteran’ means a vet-  
 14 eran who is a homeless individual; and

15 “(3) the term ‘homeless individual’ has the  
 16 same meaning as such term has within the meaning  
 17 of section 103 of the Stewart B. McKinney Home-  
 18 less Assistance Act (42 U.S.C. 11302).

19 “§ 3772. General authority

20 “(a) The Secretary may guarantee the full or partial  
 21 repayment of a loan that meets the requirements of this  
 22 subchapter.

23 “(b)(1) Not more than 15 loans may be guaranteed  
 24 under subsection (a), of which not more than 5 such loans  
 25 may be guaranteed during the 3-year period beginning on

1 the date of enactment of the Veterans Transitional Hous-  
2 ing Opportunities Act of 1997.

3 “(2) A guarantee of a loan under subsection (a) shall  
4 be in an amount that is not less than the amount nec-  
5 essary to sell the loan in a commercial market.

6 “(3) Not more than an aggregate amount of  
7 \$100,000,000 in loans may be guaranteed under sub-  
8 section (a).

9 “(c) A loan may not be guaranteed under this sub-  
10 chapter unless, prior to closing such loan, the Secretary  
11 has approved such loan.

12 “(d)(1) The Secretary shall enter into contracts with  
13 a qualified nonprofit organization to obtain advice in car-  
14 rying out this subchapter, including advice on the terms  
15 and conditions necessary for a loan that meets the require-  
16 ments of section 3773.

17 “(2) For purposes of paragraph (1), a qualified non-  
18 profit organization is a nonprofit organization—

19 “(A) described in paragraph (3) or (4) of sub-  
20 section (c) of section 501 of the Internal Revenue  
21 Code of 1986 and exempt from tax under subsection  
22 (a) of such section, and

23 “(B) that has experience in underwriting tran-  
24 sitional housing projects.

1 “(e) The Secretary may carry out this subchapter in  
2 advance of the issuance of regulations for such purpose.

3 **“§ 3773. Requirements**

4 “(a) A loan referred to in section 3772 meets the re-  
5 quirements of this subchapter if—

6 “(1) the loan is for—

7 “(A) construction of, rehabilitation of, or  
8 acquisition of land for a multifamily transi-  
9 tional housing project described in subsection  
10 (b), or more than one of such purposes;

11 “(B) refinancing of an existing loan for  
12 such a project;

13 “(C) financing acquisition of furniture,  
14 equipment, supplies, or materials for such a  
15 project; or

16 “(D) in the case of a loan made for pur-  
17 poses of subparagraph (A), supplying such or-  
18 ganization with working capital relative to such  
19 a project;

20 “(2) the loan is made in connection with fund-  
21 ing or the provision of substantial property or serv-  
22 ices for such project by either a State or local gov-  
23 ernment or a nongovernmental entity, or both;

24 “(3) the maximum loan amount does not exceed  
25 the lesser of—

1           “(A) that amount generally approved (uti-  
2           lizing prudent underwriting principles) in the  
3           consideration and approval of projects of simi-  
4           lar nature and risk so as to assure repayment  
5           of the loan obligation; and

6           “(B) 90 percent of the total cost of the  
7           project;

8           “(4) the loan is of sound value, taking into ac-  
9           count the creditworthiness of the entity (and the in-  
10          dividual members of the entity) applying for such  
11          loan;

12          “(5) the loan is secured; and

13          “(6) the loan is subject to such terms and con-  
14          ditions as the Secretary determines are reasonable,  
15          taking into account other housing projects with  
16          similarities in size, location, population, and services  
17          provided.

18          “(b) For purposes of this subchapter, a multifamily  
19          transitional housing project referred to in subsection  
20          (a)(1) is a project that—

21               “(1)(A) provides transitional housing to home-  
22               less veterans, which housing may be single room oc-  
23               cupancy (as defined in section 8(n) of the United  
24               States Housing Act of 1937 (42 U.S.C. 1437f(n));

1           “(B) provides supportive services and counsel-  
2           ling services (including job counselling) at the  
3           project site with the goal of making such veterans  
4           self-sufficient;

5           “(C) requires that the veteran seek to obtain  
6           and keep employment;

7           “(D) charges a reasonable fee for occupying a  
8           unit in such housing;

9           “(E) maintains strict guidelines regarding so-  
10          briety as a condition of occupying such unit; and

11          “(F) may include space for neighborhood retail  
12          services or job training programs; and

13          “(2) may provide transitional housing to veter-  
14          ans who are not homeless and to homeless individ-  
15          uals who are not veterans if—

16          “(A) at the time of taking occupancy by any  
17          such veteran or homeless individual, the transitional  
18          housing needs of homeless veterans in the project  
19          area have been met;

20          “(B) the housing needs of any such veteran or  
21          homeless individual can be met in a manner that is  
22          compatible with the manner in which the needs of  
23          homeless veterans are met under paragraph (1); and

24          “(C) the provisions of subparagraphs (D) and  
25          (E) of paragraph (1) are met.

1 “(c) In determining whether to guarantee a loan  
2 under this subchapter, the Secretary shall consider—

3 “(1) the availability of Department of Veterans  
4 Affairs medical services to residents of the multifam-  
5 ily transitional housing project; and

6 “(2) the extent to which needs of homeless vet-  
7 erans are met in a community, as assessed under  
8 section 107 of Public Law 102–405.

9 **“§ 3774. Default**

10 “(a) The Secretary shall take such steps as may be  
11 necessary to obtain repayment on any loan that is in de-  
12 fault and that is guaranteed under this subchapter.

13 “(b) Upon default of a loan guaranteed under this  
14 subchapter and terminated pursuant to State law, a lender  
15 may file a claim under the guarantee for an amount not  
16 to exceed the lesser of—

17 “(1) the maximum guarantee; or

18 “(2) the difference between—

19 “(A) the total outstanding obligation on  
20 the loan, including principal, interest, and ex-  
21 penses authorized by the loan documents,  
22 through the date of the public sale (as author-  
23 ized under such documents and State law); and

24 “(B) the amount realized at such sale.

1 **“§ 3775. Multifamily transitional housing guarantee**  
 2 **fund**

3 “(a) There is established a fund to be known as the  
 4 Multifamily Transitional Housing Guarantee Fund.

5 “(b) Amounts in the fund shall be available to the  
 6 Secretary for the payment of any guarantee issued under  
 7 this subchapter.

8 **“§ 3776. Audit**

9 “During each of the first 3 years of operation of a  
 10 multifamily transitional housing project with respect to  
 11 which a loan is guaranteed under this subchapter, there  
 12 shall be an annual, independent audit of such operation.  
 13 Such audit shall include a detailed statement of the oper-  
 14 ations, activities, and accomplishments of such project  
 15 during the year covered by such audit. The party respon-  
 16 sible for obtaining such audit (and paying the costs there-  
 17 for) shall be determined before the Secretary issues a  
 18 guarantee under this subchapter.”.

19 (b) CLERICAL AMENDMENT.—The table of sections  
 20 at the beginning of chapter 37 of title 38, United States  
 21 Code, is amended by adding at the end the following new  
 22 items:

“SUBCHAPTER VI—LOAN GUARANTEE FOR MULTIFAMILY  
 TRANSITIONAL HOUSING FOR HOMELESS VETERANS

“3771. Definitions.

“3772. General authority.

“3773. Requirements.

“3774. Default.



“3775. Multifamily transitional housing repayment fund.  
 “3776. Audit.”.

1 **SEC. 3. INVESTMENT OF AMOUNTS IN NATIONAL SERVICE**  
 2 **LIFE INSURANCE FUND.**

3 Section 1920 of title 38, United States Code, is  
 4 amended by adding at the end the following new sub-  
 5 section:

6 “(c)(1) In addition to the authority under subsection  
 7 (b), after setting aside such amounts as may be required  
 8 to meet liabilities referred to in subsection (b), the Sec-  
 9 retary of the Treasury is authorized to invest and reinvest  
 10 such fund, or any part thereof, in one or more securities  
 11 described in paragraph (4).

12 “(2) From the proceeds of any investment authorized  
 13 by paragraph (1)—

14 “(A) there shall be credited to such fund an  
 15 amount equal to the amount such investment would  
 16 have earned if such investment had been made  
 17 under subsection (b); and

18 “(B) there shall be available for the purpose of  
 19 offsetting potential liabilities of the United States  
 20 under subchapter VI of chapter 37, the excess (if  
 21 any) of the proceeds from such investment over the  
 22 amount described in subparagraph (A).

23 “(3) Upon the extinguishment of liability of the Unit-  
 24 ed States under a guarantee made under subchapter VI

1 of chapter 37, as determined by the Secretary, the Sec-  
2 retary shall credit such fund with an amount equal to the  
3 excess (if any) of the proceeds from the investment under  
4 paragraph (2)(B) over the amount required to offset re-  
5 maining liabilities (if any) under such subchapter.

6 “(4) A security referred to in paragraph (1) is an  
7 asset-backed security which represents interests in, or ob-  
8 ligations backed by, the pool of assets of which such asset-  
9 backed security is a part, and which—

10 “(A) is rated at least AAA (or the equivalent  
11 thereof) by an independent and nationally recognized  
12 securities rating company based on an amount of  
13 capital reserves and other characteristics, including  
14 management practices, interest rate risk, asset qual-  
15 ity, operating performance, and accounting proce-  
16 dures;

17 “(B) is guaranteed by, or represents an interest  
18 in securities issued or guaranteed by—

19 “(i) the Federal Home Loan Mortgage  
20 Corporation;

21 “(ii) the Federal National Mortgage Asso-  
22 ciation;

23 “(iii) the Government National Mortgage  
24 Association; or

1                   “(iv) the Department of Veterans Affairs;  
2                   or  
3                   “(C) is sold in private placements or exclusively  
4                   to institutional or other sophisticated investors and  
5                   which would, if rated, be rated at least AAA rating  
6                   (as described in subparagraph (A)).”.

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